TELEDYNE CANADA LIMITED ANNUAL REPORT 1975

AR24



ON THE COVER: Better roadbeds for high-speed Canadian trains are being provided by Teledyne Canada materials for track maintenance and new track installations. Harfac welding wire produced by Teledyne Canada Hardfacing Alloys is used to weld rails together to replace noisy expansion joints and extend rail life. Teledyne Canada Bell Foundry produces ductile iron spikes for use with the concrete ties that are now used on modern high-speed track beds.

Photo courtesy Canadian National

AR24

Board of Directors
E. M. Brown
D. S. McCann
S. L. Vettese
R. Alan Eagleson, Q.C.
W. W. Smallman

Officers
E. M. Brown, Chairman
D. S. McCann, President
S. L. Vettese, Vice President
C. E. Rinsch, Treasurer
C. T. Loughrin, Secretary

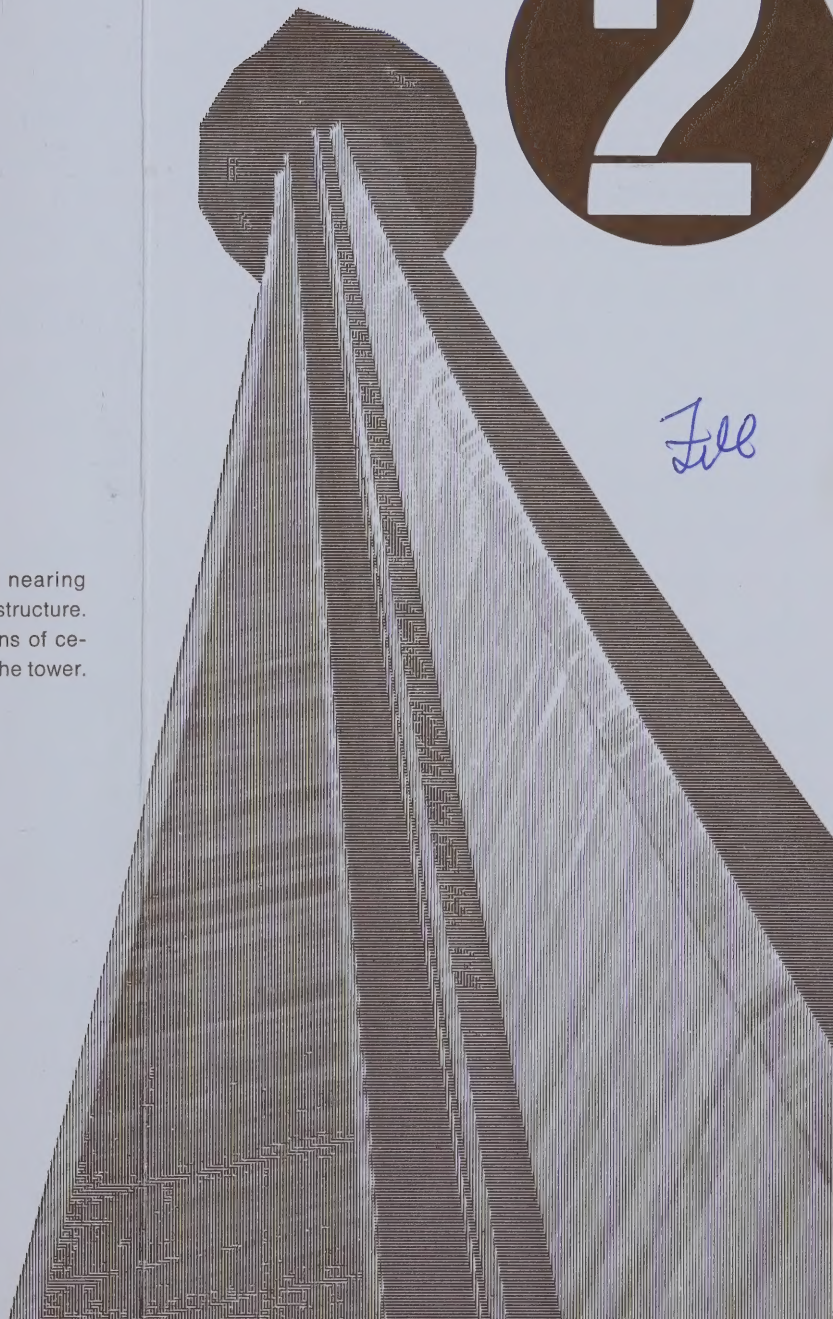
Transfer Agent and Registrar
Montreal Trust Company
15 King Street West
Toronto, Ontario

Corporate Office
15 Brydon Drive
Rexdale, Ontario

On the cover: Toronto's 1805 foot CN Tower, now nearing completion, will be the world's tallest free-standing structure. Teledyne Canada's Transport Group hauled 12,400 tons of cement used to make 40,000 cubic yards of concrete for the tower.

TELEDYNE CANADA LIMITED

2ND QUARTER REPORT 1975

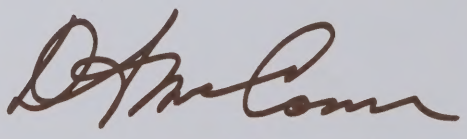


TO OUR SHAREHOLDERS:

The first half of the 1975 fiscal year, ended June 30, showed a decline in earnings on increased sales as compared to the same period in 1974. Net income was $933,000 on sales of $13,189,000 compared with net income of $1,079,000 on sales of $11,910,000 for the first half of 1974. As noted in the first quarter report to shareholders, the lower earnings-sales ratio is mainly attributable to the Transport Group results.

The Board of Directors has approved the quarterly cash dividend of 10 cents per share payable on September 19th, 1975 to shareholders of record August 1st, 1975.

The results tabulated for 1974 have not previously been reported for the six month period ended June 30, due to the change in the fiscal year end from October 31 to December 31.



D. S. McCann
President

TELEDYNE CANADA, LIMITED AND SUBSIDIARY COMPANIES

Consolidated Statements of Income

for the six months ended June 30 (unaudited)

	1975	*1974*
Revenue	**$13,189,000**	$11,910,000
Costs and Expenses:		
Operating Costs	**10,877,000**	9,576,000
Depreciation	**487,000**	425,000
	11,364,000	10,001,000
Income Before Income Taxes	**1,825,000**	1,909,000
Income Taxes	**892,000**	830,000
Net Income	**$ 933,000**	$ 1,079,000
Average Number of Shares Outstanding	**2,127,173**	2,121,826
Earnings Per Share	**$0.44**	$0.51

Consolidated Statements of Changes in Financial Position

for the six months ended June 30 (unaudited)

	1975	*1974*
Source of Funds:		
Net income	**$ 933,000**	$ 1,079,000
Add depreciation	**487,000**	425,000
	1,420,000	1,504,000
Issuance of capital stock	**8,000**	18,000
Disposal of property and equipment	**269,000**	115,000
	$ 1,697,000	$ 1,637,000
Application of Funds:		
Purchase of property and equipment	**$ 218,000**	$ 626,000
Dividends paid	**574,000**	—
Decrease in long-term debt	**2,000**	33,000
Other, net	**54,000**	(3,000)
Increase in working capital	**849,000**	981,000
	$ 1,697,000	$ 1,637,000

TELEDYNE CANADA LIMITED ANNUAL REPORT 1975

Highlights from Annual Reports of Teledyne Canada, Limited *for the 12-month periods ended*

	December 1975	*December 1974*	*October 1973*	*October 1972*
OPERATING RESULTS				
Revenues	$23,613,000	$23,985,000	$18,897,000	$14,264,000
Income Before Income Taxes	3,378,000	3,537,000	2,837,000	1,503,000
Provision for Income Taxes	1,500,000	1,541,000	1,357,000	793,000
Net Income	1,878,000	1,996,000	1,585,000	710,000
Net Income per share	88¢	94¢	75¢	34¢
FINANCIAL POSITION				
Total Assets	16,947,000	15,396,000	14,108,000	11,574,000
Shareholders' Equity	12,746,000	11,855,000	10,904,000	9,290,000
GENERAL STATISTICS				
Average number of shares outstanding	2,128,092	2,123,651	2,117,086	2,109,043
Number of employees	474	600	589	498
Number of facilities	15	17	17	20
Square footage of facilities	222,000	238,000	253,000	290,000

The figures in this table are taken from previous annual reports.

The 1973 net income includes extraordinary item of $105,000. Net income per share is based on the average number of shares outstanding during each year.

Letter To Shareholders:

The Board of Directors is pleased to present the Annual Report of Teledyne Canada, Limited for the fiscal period ending December 31, 1975.

Teledyne Canada had earnings of $0.88 per share for twelve months ended December 31, 1975, compared to $0.94 per share for the twelve months ended December 31, 1974. Net income for the twelve months in 1975 was $1,878,000 and sales were $23,613,000 compared to net income of $1,996,000 and sales of $23,985,000 in 1974.

In the 12-month period the shareholders' equity increased to $12,746,000 from $11,855,000 in 1974 and working capital increased $1,018,000, notwithstanding cash dividends of $1,000,000 paid to shareholders during the year. The working capital position at year end was $6,736,000 as compared to $5,718,000 in 1974.

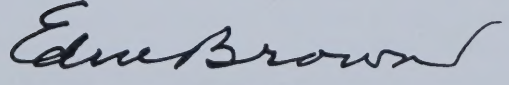
During fiscal 1975, $1,320,000 was invested in new capital property and equipment, and the company's cash position increased to $5,644,000 including short-term investments.

The decline in sales and earnings in 1975 as compared to 1974 is a reflection primarily of the results of our Transport Group where a cost-price squeeze was aggravated by instability in the construction industry and strikes at major customers. Implementation of higher tariffs, and improvements in utilization of equipment, including introduction of higher capacity trailers and up-grading of terminal facilities, are expected to result in better performance by this division in 1976.

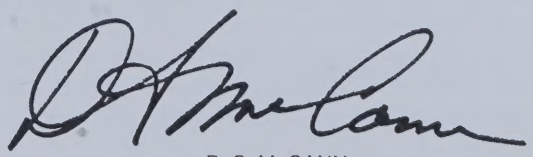
The board is continuing to give careful consideration to the effects, if any, that the Federal Government's Price and Income Control Guidelines will have on future sales and earnings of the company.

During the year Mr. J. B. Regan and Mr. R. C. Pinnock were appointed to the board to fill the vacancies created by the resignations of R. A. Eagleson, Q.C., and S. L. Vettese, respectively. The board wishes to record its appreciation for the contributions made by the retired board members as directors of the company.

On Behalf of the Board,



E. M. BROWN
Chairman



D. S. McCANN
President

TELEDYNE CANADA, LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets *December 31, 1975 and 1974*

ASSETS	*1975*	*1974*
Current Assets:		
Cash	**$ 757,000**	$ 539,000
Short-term investments, at cost which approximates market	**4,887,000**	2,823,000
Receivables	**2,551,000**	2,861,000
Inventories (Note 1)	**1,755,000**	1,987,000
Prepaid expenses	**115,000**	139,000
Total current assets	**10,065,000**	8,349,000
Property and Equipment, at cost:		
Land	**350,000**	346,000
Buildings	**2,331,000**	2,041,000
Equipment	**10,242,000**	11,532,000
	12,923,000	13,919,000
Less: Accumulated depreciation (Note 1)	**7,683,000**	8,545,000
	5,240,000	5,374,000
Other Assets:		
Cost in excess of net assets of purchased businesses (Note 1)	**1,547,000**	1,578,000
Other	**95,000**	95,000
	1,642,000	1,673,000
	$16,947,000	$15,396,000

Approved on behalf of the Board:



W. W. Smallman, Director



D. S. McCann, President

LIABILITIES	1975	1974
Current Liabilities:		
Accounts payable and accrued liabilities	**$ 1,673,000**	$ 1,925,000
Payable to affiliated companies	**151,000**	199,000
Income taxes	**1,474,000**	503,000
Current portion of long-term debt	**31,000**	4,000
Total current liabilities	**3,329,000**	2,631,000
Long-Term Debt (Note 2)	**109,000**	34,000
Deferred Income Taxes (Note 1)	**763,000**	876,000
Shareholders' Equity:		
Capital stock (Note 3) —		
Authorized — 5,000,000 shares, no par value		
Issued and outstanding — 2,129,085 shares in 1975 and 2,126,261 in 1974	**4,304,000**	4,291,000
Contributed surplus	**86,000**	86,000
Retained earnings (Note 4)	**8,356,000**	7,478,000
Total shareholders' equity	**12,746,000**	11,855,000
	$16,947,000	$15,396,000

The accompanying notes are an integral part of these balance sheets.

Auditors' Report

To the Shareholders of Teledyne Canada, Limited:

We have examined the consolidated balance sheets of TELEDYNE CANADA, LIMITED (an Ontario corporation and subsidiary of Teledyne, Inc.) AND SUBSIDIARIES as of December 31, 1975 and 1974, and the related consolidated statements of income, retained earnings and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of Teledyne Canada, Limited and Subsidiaries as of December 31, 1975 and 1974, and the results of their operations and the changes in their financial position for the years then ended, in accordance with generally accepted accounting principles consistently applied during the periods.

TORONTO,
January 26, 1976.

ARTHUR ANDERSEN & CO.
Chartered Accountants

TELEDYNE CANADA, LIMITED AND SUBSIDIARIES

Consolidated Statements of Income *For The Years Ended December 31, 1975 and 1974*

	1975	*1974*
Revenue (Note 6)	**$23,613,000**	$23,985,000
Costs and Expenses:		
Operating costs	**18,134,000**	18,372,000
Selling and administrative expenses	**2,385,000**	2,240,000
Interest on long-term debt	**9,000**	8,000
Interest income	**(293,000)**	(172,000)
	20,235,000	20,448,000
Income before provision for income taxes	**3,378,000**	3,537,000
Provision for Income Taxes (Note 1)	**1,500,000**	1,541,000
Net income	**$ 1,878,000**	$ 1,996,000
Earnings Per Share (based on average outstanding shares)	**$0.88**	$0.94

Consolidated Statements of Retained Earnings *For The Years Ended December 31, 1975 and 1974*

	1975	*1974*
Balance, beginning of year	**$7,478,000**	$6,757,000
Add (deduct):		
Net income	**1,878,000**	1,996,000
Dividends paid — $0.47 per share in 1975 and $0.60 in 1974	**(1,000,000)**	(1,275,000)
Balance, end of year	**$8,356,000**	$7,478,000

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Financial Position *For The Years Ended December 31, 1975 and 1974*

	1975	1974
Source of Funds:		
Net income	**$1,878,000**	$1,996,000
Add (deduct) non cash items —		
Depreciation	**974,000**	943,000
Deferred income taxes	**(113,000)**	29,000
Funds provided from operations	**2,739,000**	2,968,000
Dispositions of property and equipment	**480,000**	408,000
Issue of capital stock for cash	**13,000**	24,000
Increase (decrease) in long-term debt	**75,000**	(35,000)
Other	**31,000**	90,000
	3,338,000	3,455,000
Application of Funds:		
Purchase of property and equipment	**1,320,000**	1,507,000
Payment of dividends	**1,000,000**	1,275,000
	2,320,000	2,782,000
Increase in working capital	**$1,018,000**	$ 673,000

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements *December 31, 1975 and 1974*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. All significant intercompany transactions and balances have been eliminated. Cost in excess of net assets of purchased businesses is not being amortized.

Inventories: Inventories are stated at the lower of cost (first-in, first-out) or net realizable value. Sales and related costs are recorded as products are delivered and as services are performed. Any foreseeable losses are charged to income when determined.

Depreciation: Transportation equipment is depreciated on a straight-line basis over estimated useful lives of four to five years. Other property and equipment is depreciated on a declining balance basis over the estimated useful lives.

Pension Plan: The Company and certain of its subsidiaries have pension plans available to all of their employees. The unfunded liability of these pension plans at December 31, 1975, was approximately $47,000. The companies intend to fund this amount over various periods to 1989.

Income Taxes: Deferred income taxes are provided where depreciation claimed for income tax purposes is greater than that which is recorded in the accounts. As a result of one company not claiming depreciation for income tax purposes in loss years, the Company has an unrecorded future tax benefit of approximately $9,000 as of December 31, 1975, which will be recorded when realized. The amount so realized was $71,000 in 1975 and $74,000 in 1974, and has been deducted from the current provision for income taxes.

2. LONG-TERM DEBT

	1975	1974
7% Mortgage, repayable to 1981, secured by related property	$ 34,000	$38,000
Conditional sales contracts at prime interest plus 1½% repayable to 1979, secured by related equipment	106,000	—
	140,000	38,000
Less current portion	31,000	4,000
	$109,000	$34,000

3. CAPITAL STOCK

At December 31, 1975, 29,880 shares of capital stock were reserved for issuance to employees under a stock purchase plan which expires in December, 1979. Under this plan 2,824 shares were issued in 1975 and 3,676 shares were issued in 1974. The amounts received were $13,000 in 1975 and $16,000 in 1974.

Under an Employees' Stock Option Plan 2,000 shares were reserved at December 31, 1975, for issuance at $3.75 per share under options expiring in December, 1976, and 26,300 shares were reserved for the granting of additional options, with no expiry date. No options were exercised in 1975 and options to purchase 2,000 shares were exercised in 1974 at $3.75 per share.

4. ANTI-INFLATION ACT

The Company is subject to the Anti-Inflation Act and related Regulations which provides for the restraint of prices, profit margins, dividends and compensation. In the opinion of management the Company has complied with the legislation and no material unrecorded or contingent liability exists at December 31, 1975.

Under the Regulations, dividends are restricted during the first compliance period ending October 13, 1976, to a maximum of approximately $1,001,000 of which $213,000 has already been paid. Regulations dealing with dividends beyond October 13, 1976, are still to be announced by the Government.

5. LEASE COMMITMENTS

At December 31, 1975, lease commitments expiring at various dates through 1980, aggregated $1,053,000 including $415,000 due in 1976.

6. REVENUE

Revenue was divided in the following proportions:

	1975	1974
Service	37%	42%
Manufacturing and sales	63%	58%

7. STATUTORY INFORMATION

Remuneration of directors and senior officers as defined under the Ontario Business Corporations Act, amounted to $378,000 in 1975 and $223,000 in 1974.

8. SUBSEQUENT EVENT

On January 23, 1976, the Board of Directors declared a cash dividend of $0.10 per share, payable on March 19, 1976, to shareholders of record on February 10, 1976.

Teledyne Canada provides Canadian industry with specialized services from the following divisions:

TELEDYNE CANADA BELL FOUNDRY, Winnipeg, Manitoba.
Products: Ductile and grey iron castings.

TELEDYNE CANADA FIRTH STERLING, Brantford, Ontario.
Products: Tungsten carbide sintered metal.

TELEDYNE CANADA HARDFACING ALLOYS, Vancouver, British Columbia and Toronto, Ontario.
Products: Hardfacing welding wire, welding rod and accessories.

TELEDYNE CANADA METAL PRODUCTS, Woodstock, Ontario.
Products: Sheet metal fabricated units.

TELEDYNE CANADA MINING PRODUCTS, Thornbury and Sudbury, Ontario and Vancouver, British Columbia.
Products: Rock drilling equipment, air and hydraulic cylinders, Mercedes-Benz Unimog diesel tractors and allied underground mining equipment.

TELEDYNE CANADA TRANSPORT GROUP, Tank Truck Transport and Lou's Transport Co. Ltd. with terminals in Ontario and Quebec providing liquid chemical and dry bulk transport services.

TELEDYNE CANADA VASCAN ALLOYS, Toronto, Ontario.
Products: Tool steels, die steels, stainless steels and high temperature alloys.

Board of Directors
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D. S. McCANN
W. W. SMALLMAN
J. B. REGAN
R. C. PINNOCK

Officers
E. M. BROWN, *Chairman*
D. S. McCANN, *President*
C. E. RINSCH, *Treasurer*
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